

## CHAPTER 2

## ITEM MANAGEMENT CODING CRITERIA

A. GENERAL. All National Stock Numbered (NSN) items, items requiring NSN assignment and new items entering the Department of Defense (DoD) supply system, will be assigned an item management code in designated Federal Supply Classes (FSCs) contained in appendix A-1 except as noted in subparagraph B3d(2) of this chapter, and appendix A-2.

## B. POLICY

1. As each item enters the DoD supply systems, the Item Management Coding (IMC) criteria set forth in paragraph C below will be applied by the appropriate (Inventory Control Point (ICP) as prescribed in chapter 3. Coding will be in accordance with the IMC criteria filter chart, appendix B.

a. Items which meet the criteria for IMCS D, E, F, P, J, L, N, and W will be retained for Integrated Materiel Management (IMM) by the Military Services or the designated item manager (m).

b. Items which do not meet the criteria for paragraphs B. 1.a. will be consolidated for IMM by Defense Logistics Agency (DLA) or General Services Administration (GSA) based on FSC.

2. Prior to applying the IMC criteria, all inactive items will be removed and appropriately processed from the active ICP records in accordance with DoD 4140.32-M (reference (d)). In addition, the IMC criteria will be applied to those items reclassified to the proper

FSC class in accordance with the Approved Item Name Reclassification Program (AINRP).

3. In the following specific item situations, the IMC criteria will be applied as indicated:

a. Interchangeability and Substitutability (I&S) Family Groups:

(1) A new master item will be assigned to the IMM of the related item unless the item qualifies for assignment of an IMC that specifies another IMM. If changed management is warranted then the wholesale manager of the new master item, as determined by IMC coding, will logistically reassign all related items in the new/restructured family.

(2) When an item is excluded from the family group because of user non-concurrence, the excluded item, the related item, and the master item will be processed as follows:

(a) If the existing related item or master item is DLA/GSA managed, the excluded item will be assigned to DLA/GSA.

(b) If the existing related item and master item are Service managed, the excluded item will be assigned to the Service only if that Service has retail interest in the excluded item. If the Service has no retail interest, the introducing or proposing Service will be assigned as wholesale manager of the excluded item.

b. National Stock Numbers (NSNs) for generic items for use in bid invitations and allowance lists, against which no stocks are ever recorded (Acquisition Advice Code (AAC) W), will be **IMC** coded in accordance with criteria in paragraph C. As specific NSNs are assigned they will be **IMC** coded with the same **IMC** code as the generic NSN.

c. Non-NSN Items. Non-NSN items will be item management coded when the item meets the requirement for NSN assignment.

d. Nuclear Ordnance. All Nuclear Ordnance Items as defined in paragraph 53 1.05h, DoD 4 100.39M (reference (g)), will be screened against the **IMC** criteria and will be processed as follows:

(1) Service designed and quality controlled Nuclear Ordnance Items will be managed by the appropriate Service or Defense Nuclear Agency (**DSWA**) in accordance with the provisions of this manual and as specified in the **DSWA** Charter, (reference (e)).

(2) Items bearing Commercial and Government Entity Code (**CAGEC**) 57991, 67991, 77991, and 87991 (assigned to Army, Navy, Air Force, and DOE controlled items respectively) will not be **IMC** coded.

e. Cryptomateriel. Items that are unique to **cryptologic** application and are under the design cognizance of the National Security Agency (**NSA**) regardless of inventory control or supply support responsibility. These items shall be item management coded by the appropriate **cryptologic** activity as follows:

(1) NSA design controlled (**CAGEC** 98230) items (Reference Number Category Code (**RNCC**) 1 or 3) will be assigned an **IMC** code in accordance with the **IMC** filter chart (appendix B) and will be managed by the appropriate **cryptologic** activity.

(2) NSA specification controlled **CAGEC** 98230 items (**RNCC** of 7) will be assigned an **IMC** code in accordance with the **IMC** filter chart - appendix B - and will be managed by the **IMM**.

(3) Other items within the **cryptologic** community will also be assigned an **IMC** code in accordance with the **IMC** filter chart - Appendix B and will be managed by the appropriate **IMM**.

f. Items unique to Mobile Subscriber Equipment (**MSE**) system have been approved as a special waiver. These items will be item management coded by US Army Communications-Electronics Command (**CECOM**) in accordance with **IMC** filter chart - Appendix B.

C. ITEM MANAGEMENT CODING CRITERIA. All National Stock Numbered Items will be retained for **IMM** by the **Military** . Services or designated **IM** in accordance with the following criteria. Application of the **IMC** criteria is not necessarily a sequential process. Application of the most appropriate **IMC** criteria rests with the coding activity based on review of the item characteristics. Precedent items are provided in appendix C as representative coding examples to assist in reaching accurate coding results. All other items which do not meet the following criteria will be assigned to DLA or GSA under **IMC-Z**.

# 1. CRITERION 1- MAJOR END ITEMS OF EQUIPMENT (IMC D)

ITEMS OF SUCH IMPORTANCE TO THE OPERATING READINESS OF OPERATING UNITS THAT THEY ARE SUBJECT TO CONTINUING CENTRALIZED, INDIVIDUAL ITEM MANAGEMENT AND ASSET CONTROL THROUGHOUT ALL COMMAND AND SUPPORT ECHELONS.

## EXPLANATION:

a. This criterion ensures that the Services or designated **IM** retain under their management those end items, generally of high unit cost, which should and do receive premium and comprehensive supply management attention, both in the supply system and in all command echelons within the Service.

b. On such items, buy requirements are generally tied-in directly with unit allowances and specific needs normally known to the Service or designated **IM**.

# 2. CRITERION 2 - DEPOT LEVEL REPARABLES (IMC-E)

ITEMS THAT ARE DESIGNATED FOR REPAIR AT DEPOT LEVEL OR THAT ARE DESIGNATED FOR REPAIR BELOW DEPOT LEVEL, BUT IF REPAIR CANNOT BE ACCOMPLISHED AT THAT LEVEL, WILL HAVE THEIR UNSERVICEABLE CARCASSES EITHER FORWARDED TO THE DEPOT FOR REPAIR OR CONDEMNATION OR REPORTED TO THE INVENTORY CONTROL POINT (ICP) FOR DISPOSITION.

## EXPLANATION:

a. This criterion is intended to ensure that the Military Service or designated **IM** retains management of recoverable items on which consideration of the repair pipeline at or below the depot level by the managing ICP is essential to assure efficient management of the item.

b. This criterion applies in those instances when the **ICP** must consider such factors as carcass return rate, repair survival rate, repair turnaround time, etc., in **determining** purchase quantities. This criterion also applies to recoverable items under any of the following conditions:

(1) The ICP, before effecting purchase to replenish an item in stock, takes whatever action is necessary, other than establishing credit to encourage return, to ensure return of carcasses from the operating forces for depot repair.

(2) An item designated as depot reparable because needed tools, test equipment, techniques, or knowledge are available only at depot maintenance level.

(3) An item for which the **ICP** must know the total quantity in use by the operating forces and in stock below the depot level, and for which the **ICP** does, in fact, predict asset losses.

c. Many items managed by the Services are of a recoverable nature, but are not covered by this criterion. Such items are recoverable only in the sense that they are not consumed in use, but they require only local base or field reconditioning to be restored to their intended function (See criterion 3 below). Specifically,

this criteria does not support to retain such items for Service/Agency management.

### 3. CRITERION 3 - Single Agency (IMC-F)

ITEMS CONTROLLED BY A SINGLE AGENCY FOR ALL FEDERAL APPLICATIONS WILL BE RETAINED BY THE DESIGNATED IM FOR IMM. THESE INCLUDE ITEMS CONTROLLED BY THE DOE OR NSA.

#### EXPLANATION:

a. This criterion ensures that DOE items controlled under the DoD Directive 5030.55 (reference (f)), either directly or through licensing procedures, and items controlled by the NSA are retained by the designated IM. The DOE and NSA control these items either because of design characteristics, or special test inspection and quality control requirements.

b. Items not controlled by the DOE or NSA but which include materials under DOE control, should not be retained under this criterion, unless licensing procedures apply. Items furnished by the Military Service to DOE or NSA also should not be retained under this criterion.

### 4. CRITERION 4 - NON-ORDNANCE NUCLEAR (IMC-P)

ITEM USED IN: 1) NUCLEAR PROPULSION PLANTS AND DIRECTLY ASSOCIATED SYSTEMS, INCLUDING RELATED SAFETY AND RECOVERY EQUIPMENT AND 2) NUCLEAR WEAPON SYSTEMS BUT NOT CLASSIFIED AS

NUCLEAR ORDNANCE. THESE ITEMS REQUIRE STRINGENT TECHNICAL OR QUALITY CONTROL PRACTICES AND INTENSIFIED MANAGEMENT DUE TO THEIR CRITICAL APPLICATIONS IN NUCLEAR SYSTEMS. ITEMS CLASSIFIED UNDER CRITERION 6 ARE EXEMPT FROM IMM ASSIGNMENT TO ANY OTHER MANAGER THAN THE SERVICE RESPONSIBLE FOR THE MAJOR END, ITEM COMPONENT.

#### EXPLANATION:

a. This criterion retains for Service management those items applicable to non-ordnance nuclear systems. This includes items applicable to nuclear power plants, nuclear submarine safety programs (level 1/Subsafe), and deep submergence nuclear systems. Such items have highly technical documentation, special inventory management and procurement controls, and issues that are restricted to specified customers. Procurement of such specially designed and tested items requires vendor submission and procurement activity review of vendor procurements and test reports certifying item compliance with governing requirements. These items require stringent technical and quality control or deviate from the manufacturer, military, federal, or national specifications. These controls and deviations are to ensure the integrity, reliability, and safety of the nuclear components and systems. Requests for waivers, material changes, specification revisions, and similar technical actions must be approved by the designated Service headquarters organization. Separation of the item management functions from program management and engineering functions will

adversely impact nuclear safety. Due to the global implications (political, ecological, and financial) a nuclear incident would create, item management will remain with the Service exercising program control for the end item system.

#### 5. CRITERION 5- DESIGN UNSTABLE (IMC-J)

ITEMS DETERMINED BY TECHNICAL DECISION DURING THE PROVISIONING CYCLE, DURING INTRODUCTION INTO LOGISTIC SYSTEMS, OR DURING ITEM MANAGEMENT CODING, TO BE HIGHLY SUBJECT TO DESIGN CHANGE OR REPLACEMENT OF THE ITEM THROUGH MODIFICATION OF THE APPLICABLE NEXT-HIGHER ASSEMBLY.

THESE ITEMS SHALL BE REVIEWED FOR RECODING WHEN THE IM IS NOTIFIED THAT THE ITEM IS USED BY ANOTHER SERVICE/AGENCY, WHEN THE DESIGN BECOMES STABILIZED, OR WHEN THE ITEM HAS BEEN IN OPERATIONAL USE FOR TWO YEARS.

#### EXPLANATION:

- a. This criterion permits the Services to retain items of design instability in formative stages of development if changes upon entry of an item into the system may be reasonably predicted.
- b. This criterion reflects the engineering judgement exercised at time of introduction of an item into the supply system when abnormal failure rates are predicted or specific interim

design problems are identified. It also covers those situations where experience at time of coding indicates an item is unstable.

c. This criterion should not be used to retain an item when stability is unknown; rather, it should be used to retain an item when engineering judgement indicates that the item is, or can be expected to be, of unstable design.

d. This criterion should be applied to the item itself and not to a part or component because that part or component has application in a higher assembly, equipment or weapon which is considered unstable.

e. Two years after an item coded unstable is placed in operational use, the Service will review it, either recoding it as stable or confirming its continued instability to the IMM. An item in operational use at time of coding shall be reviewed two years after the date of coding.

#### 6. CRITERION 6-SPECIAL WAIVERS (IMC B)

ITEMS WHICH HAVE BEEN APPROVED BY DUSD AS SPECIAL WAIVERS TO CONSOLIDATION OF IMM. EACH GROUP OF ITEMS THAT MEET THIS CRITERION WILL BE CALLED OUT IN THE EXPLANATION.

#### EXPLANATION:

- a. This criterion permits retention by the US Army CECOM of items used exclusively on the MSE system. Authority by ADUSD Memo 18 May 1994.

7. CRITERION 7 - SPECIAL CATEGORIES (IMC-L)/IMC-N).

MATERIEL NOT USUALLY REPLENISHED THROUGH WHOLESALE SUPPLY SYSTEM CHANNELS, LIMITED TO ITEMS FABRICATED AT A MILITARY INDUSTRIAL ACTIVITY FOR LOCAL USE, OR DIRECT ISSUE, ITEMS DESIGNED BY AND FABRICATED AT MILITARY SERVICE INDUSTRIAL ACTIVITIES AND NOT SUBJECT TO PROCUREMENT FROM CIVILIAN INDUSTRIAL SOURCES, ITEMS C A T E G O R I Z E D A S MODIFICATION/ALTERATION/CONVERSION SETS OR KITS INTENDED FOR ONE-TIME USE, OR ITEMS OBTAINED ONLY BY RECLAMATION.

EXPLANATION:

a. IMC-L

(1) Items Fabricated at a Military Industrial Activity for Local Use or Direct Issue. This category includes those items designated for local fabrication at Service industrial activities for local use or direct issue to customers including the Security Assistance Program (SAP).

(a) This category does not cover items locally fabricated for expediency when a required item cannot otherwise be obtained in sufficient time. In addition, this criterion does not apply to items which a Service industrial activity as well as industry may be a source of supply.

(b) The specific intent of this category is

to retain under the management of the Services, items which by design are fabricated at the user or support level.

(2) Items Designed by and Fabricated at Service Industrial Activities and Not Subject to Procurement from Industrial Sources. This category covers those situations in which a Service has design control of an item and possesses the only known industrial capability to fabricate the item, or has been unable to develop documentation permitting procurement from civilian industrial sources. Excluded are those items for which a Service industrial activity as well as a civilian manufacturer may be a source of supply.

(3) Items obtained only by reclamation. This category provides for Service retention of items for which reclamation, on an as-required basis, is the only planned source of supply. Should the item status change, warranting procurement action, the item should be recoded.

b. IMC-N. Modification/Alteration/Conversion Sets or Kits Intended for One-Time Use. This category covers situations in which such modification, alteration, or conversion sets or kits are procured for one-time use, and replenishment or replacement is not contemplated. This category applies even when procurement occurs on a phased basis. Specifically, it retains under the management of the Service/Agency those sets or kits for which requirements are properly determined on a program basis, such as the number of equipment to be modified.

8. CRITERION 8 - FOREIGN MILITARY SALES (FMS) ONLY (IMC-W)

ITEMS WHICH ARE USED ONLY BY SAP CUSTOMERS, I. E., FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS. THESE ITEMS ARE OFTEN CALLED NONSTANDARD OR FMS UNIQUE.

EXPLANATION:

a. This criterion permits retention of items used only by SAP customers. Such items may exist in the DoD supply system because;

(1) The DoD has stopped using an item or weapon system of a type which was given or sold to an SAP customer.

(2) The DoD incorporated a **non-DoD** item into an end item given or sold to an SAP customer.

(3) The January 3, 1995 DoD initiated cataloging, in response to a multitude of SA Program part number requisitions, of an item which the DoD would not normally centrally manage for **itself**, but which is not readily available commercially outside CONUS. Such items would normally be locally purchased by

DoD operating activities as a “local purchase” item.

b. DoD stocks of such items may not be established or replenished with funds appropriated for DoD stocks in anticipation of **future** SAP requisitions, but DoD stocks of existing assets (commonly called residual stock) may be retained, in accordance with Service retention and disposal policies, to respond to **future** SAP requisitions. When residual stock is exhausted, SAP requisitions will be filled via procurement.

c. This criterion accommodates the establishment of contracts by the Services ICPs or International Logistics Control Offices (ILCOs) to provide such items. Contracts, tailor-made by the Services, to supply items on demand (in response to SAP requisitions) are permitted, and may be desired by the Services.

d. Such items should be identified in the Federal Cataloging System with Level of Authority (LOA) code “99” and/or AAC of “P”, and with other indicative codes which may be assigned by the managing activity.